



AGC FEDERAL CONTRACTORS CONVENTION

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Discussion



- **Contracting Actions FY14**
- **PLAs**
- **Section 814 FY2015 NDAA**
- **LPTA**
- **Better Buying Power 3.0**
- **Small Business**

Contracting Actions FY14



- **Total Number of Actions 38,363**

- **Total Dollars Spent** **\$8.24B**
 - **Construction Services** **\$2.52B**
 - **A/E Services** **\$0.06B**

- **Competition Rate**
 - **81% of all awarded dollars**
 - **14% statutory authority for single source award**
 - **SourceAmerica**
 - **8(a) awards under \$4 million**
 - **HUBZone under \$4 million**
 - **SDVOSB under \$3.5 million**

Project Labor Agreements (PLAs)



- **NAVFAC Policy requires**

- Review all construction contracts over \$25M
- Market Research and Analysis
- Determination/approval to require/or not require a PLA

- **Current PLA**

- Explosive Handling Wharf #2 at Naval Kitsap at Bangor, Washington
- Due to the unique requirements of the project
- No significant labor issues at this time
- Contract completion is still on schedule for Jan 2016
- Only approved PLA to date

Section 814 FY2015 NDAA



- If determination is made that more than 5 offerors will be brought into Phase 2; Head of Contracting Activity (HCA) must approve vice the Contracting Officer
- Applies to all Design Build (DB) that exceed \$4M
- HCA may re-delegate approval to the Senior Contracting Official, but no lower (NAVFAC HQ)
- Requires approval on NAVFAC's Multiple Award Contracts (MACs)

Low Price Technically Acceptable (LPTA)



- **Under Secretary of Defense (USD) memorandum dated March 04, 2015**
 - Appropriate Use of LPTA
 - LPTA has a clear, but limited place in Best Value Approach
 - Well-defined requirements
 - Price is a significant factor
- **NAVFAC's Considerations for LPTA Best Value Approach Remains:**
 - Requirements: Well defined, prescriptive, and non-complex
 - Contract Type: Stand alone Design-Bid-Build (DBB) and Multiple Award Construction Contract (MACC) task orders for DBB and Design Build (DB)
 - Budget: Must obtain the minimum requirements at the lowest price for specific projects

Better Buying Power 3.0



- **Under Secretary of Defense (USD) memorandum dated April 09, 2015**
- **Promote Effective Competition**
 - Increase small business participation, including more effective use of market research
 - Small Business set-asides
 - Small business reserves for Multiple Award Contracts (MACs)
- **Incentivize Innovation in industry and Government**
 - Draft RFPs

Small Business



•Performance

- Exceeded all FY14 Small Business Targets
- 50% of eligible dollars awarded to Small Business
- Subcontracting Goals; Target: 66.67% Achieved: 66.3%

•Use of small business reserves in unrestricted multiple award solicitations

- Reserve 1 or more awards for SB
- POL MACC awarded in March 2015; 3 Awards to SBs
- EMAC, SW Acquisition Plan approved; 1 reserve for SB

•Market Research

- DASN (AP) memorandum dated June 2, 2014; Improving Communications During the Market Research Process:
“Upon thorough documentation of results, Contracting Officer shall provide feedback via NECO/FEDBIZOPSS to industry regarding decision to set aside procurement”

Small Business

Command Achievements – FY 2014



US Prime Awards	FY13			FY14			FY15*		
	Eligible =		\$ 6.1B	Eligible =		\$ 7.1B	Eligible =		\$ 2.4B
	Target	Dollars	Actual	Target	Dollars	Actual	Target	Dollars	Current
Small Business (SB)	38%	\$ 3B	49.41%	46%	\$ 3.6B	50.60%	46%	\$ 1.1B	48.14%
HUBZone	9.5%	\$ 585.1M	9.58%	9%	\$ 752.1M	10.57%	9%	\$ 205.8M	8.45%
Service-Disabled Veteran-Owned (SDVOSB)	3%	\$361.3M	5.92%	4%	\$527.6M	7.41%	4%	\$ 130.4M	5.35%
Small Disadvantaged Business (SDB)	24%	\$1.9B	31.80%	24%	\$2.4B	34.06%	24%	\$ 752.3M	30.89%
Woman-Owned (WOSB)	7%	\$612.9M	10.04%	7%	\$688.8M	9.68%	7%	\$ 240.9M	9.89%

Data from FPDS-NG 04/20/2015. * FPDS-NG Data Incomplete.

NAVFAC Subcontracting Achievements



SB Program	FY13 (Total reported=\$19.4B)		FY14 (Total reported=\$19.1B)	
	Target	Actual*	Target	Actual*
Small Business (SB)	66.54%	65.8%	66.67%	66.3%
HUBZone	8.76%	7.1%	8.85%	7.7%
Service-Disabled Veteran-Owned (SDVOSB)	3%	7.0%	3%	7.2%
Veteran Owned	3%	10.3%	3%	10.3%
Small Disadvantaged Business (SDB)	16.93%	19.2%	17.10%	19.2%
Woman-Owned (WOSB)	15%	16.1%	15%	15.7%

Data as reported in eSRS of 4/20/2015

Questions?

Back-up

Better Buying Power 3.0

Achieving Dominant Capabilities through Technical Excellence and Innovation



Achieve Affordable Programs

- Continue to set and enforce affordability caps

Achieve Dominant Capabilities While Controlling Lifecycle Costs

- Strengthen and expand "should cost" based cost management
- Anticipate and plan for responsive and emerging threats by building stronger partnerships of acquisition, requirements and intelligence communities
- Institutionalize stronger DoD level Long Range R&D Program Plans
- Strengthen cybersecurity throughout the product lifecycle

Incentivize Productivity in Industry and Government

- Align profitability more tightly with Department goals
- Employ appropriate contract types, but increase the use of incentive type contracts
- Expand the superior supplier incentive program
- Ensure effective use of Performance-Based Logistics
- Remove barriers to commercial technology utilization
- Improve the return on investment in DoD laboratories
- Increase the productivity of corporate IRAD

Incentivize Innovation in Industry and Government

- Increase the use of prototyping and experimentation
- Emphasize technology insertion and refresh in program planning Use Modular Open Systems Architecture to stimulate innovation
- Increase the return on and access to small business research and development
- Provide draft technical requirements to industry early and involve industry in funded concept definition
- Provide clear and objective "best value" definitions to industry

Eliminate Unproductive Processes and Bureaucracy

- Emphasize acquisition chain of command responsibility, authority and accountability
- Reduce cycle times while ensuring sound investments Streamline documentation requirements and staff reviews Remove unproductive requirements imposed on industry

Promote Effective Competition

- Create and maintain competitive environments
- Improve DoD outreach for technology and products from global markets
- Increase small business participation, including more effective use of market research

Improve Tradecraft in Acquisition of Services

- Strengthen contract management outside the normal acquisition chain - installations, etc.
- Improve requirements definition for services
- Improve the effectiveness and productivity of contracted engineering and technical services

Improve the Professionalism of the Total Acquisition Workforce

- Establish higher standards for key leadership positions Establish stronger professional qualification requirements for all acquisition specialties
- Strengthen organic engineering capabilities
- Ensure development program leadership is technically qualified to manage R&D activities
- Improve our leaders' ability to understand and mitigate technical risk
- Increase DoD support for STEM education

**Continue Strengthening Our Culture of:
Cost Consciousness, Professionalism, and Technical Excellence**